

VZCZCXRO5646
RR RUEH DU RUEHJO RUEHMR
DE RUEHSA #0347/01 0300739
ZNR UUUUU ZZH
R 300739Z JAN 06
FM AMEMBASSY PRETORIA
TO RUEHC/SECSTATE WASHDC 1195
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
RUEHBU/AMEMBASSY BUENOS AIRES 0173
RUEAIIA/CIA WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDC/DEPT OF COMMERCE WASHDC
RHEHNSC/NSC WASHDC

UNCLAS SECTION 01 OF 03 PRETORIA 000347

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E.O. 12958: N/A

TAGS: [PGOV](#) [ECON](#) [EFIN](#) [EINV](#) [EAID](#) [SF](#)
SUBJECT: SOUTH AFRICA: HOUSING AND SERVICE DELIVERY WOES
PERSIST IN FACE OF LOCAL ELECTIONS

REF: A. 05 PRETORIA 4585 (NOTAL)
[1](#)B. 05 PRETORIA 4966 (NOTAL)
[1](#)C. 05 PRETORIA 5010 (NOTAL)
[1](#)D. 05 PRETORIA 5032 (NOTAL)
[1](#)E. 06 PRETORIA 23 (NOTAL)
[1](#)F. 06 DURBAN 5 (NOTAL)
[1](#)G. 05 PRETORIA 2621 (NOTAL)
[1](#)H. 05 DURBAN 136 (NOTAL)

(U) This cable is Sensitive But Unclassified. Not for
Internet Distribution.

[1](#)1. (SBU) Summary. Since mid-2004, South Africa has seen several protests in disadvantaged communities, ostensibly against poor public service delivery, lack of adequate housing, and corruption. These protests have intensified in the run up to the March 1 local elections, suggesting that there are distinct political overtones behind the unrest. While the government has made progress on housing and delivering public services to poor South Africans since 1994, millions of residents still live without access to basic shelter, clean water, sanitation services, or electricity. The focus of their frustration has increasingly been on the inability of local government to serve them. Most municipal governments are under skilled and under staffed, and many are poorly directed. President Mbeki is focused on rooting out ineffective municipal leaders and building local capacity. The Departments of Housing and of Provincial and Local Government are working with municipal governments to remedy the situation, but the task is daunting. The immediate question is whether South Africans will recognize the government's effort and turnout at the polls on March 1. End Summary.

[1](#)2. (SBU) This cable is part of a series of cables reporting on the lack of public service delivery and the mood of the electorate in advance of local elections on March 1. Team members, including Embassy, Consulate, and USAID personnel, will visit a diverse, but representative sample of municipalities in all nine provinces to better understand the extent of the problem. Ref A served as a background piece on local elections. Refs B through F detailed visits to the Eastern Cape, North West, and KwaZulu-Natal Provinces. Municipalities in the other provinces will be covered in subsequent cables. This cable provides an overview of local government service and housing delivery issues.

Local Unrest Unabated

13. (SBU) Disgruntled residents continue to protest against local governments throughout the country, as they see little improvement in their daily lives. These protests have recently intensified in part due to local politics heating up in the face of the March 1 local elections. Since July 2004, protests have sprung up in pockets across South Africa as residents, fed up with corrupt municipal government, inadequate housing, as well as a lack of access to clean water and sanitation take their frustrations to the streets (Ref G). During the past six months, protests, mostly involving burning tires and blocking roads, have occurred in Soshanguve (Pretoria/Gauteng), Mabopane (Pretoria North/North West), Frankfort (Free State), Walmer (Port Elizabeth/Eastern Cape), and Worcester (Western Cape) as well as in other areas.

How Bad Is It?

14. (U) Eleven years after the transition to democracy, the government can claim limited success in rolling out housing and public services to the ANC's core constituency, i.e., those that apartheid sought to ignore. Nevertheless, housing and the provisions of basic public services to this sector of the population remain quite low. Although the SAG has built 1.8 million low-income homes since 1994, the backlog of homes remains roughly the same, i.e., 2.4 million units. According to the South African Government (SAG), 63% of households in 2004 had access to adequate sanitation, 70% of households had access to electricity, and 90% had access to clean water. However, the quality of access varied greatly. Access could include everything from indoor plumbing to a shared community tap. The statistics do not distinguish between the quality

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of access.

15. (U) A June 2005 study by the University of Cape Town, claimed that access to public services and housing had slightly improved over time, most notably in the provision of electricity. The study, entitled "Measuring Recent Changes in South African Inequality and Poverty using 1996 and 2001 Census Data," reported on access to public services and housing for the poorest 20% of the country as well as for the population as a whole. Access to public services and housing for the population as a whole was as follows:

Service	1996	2001
Piped Water	80%	82%
Electricity for Lighting	58%	70%
Formal Dwellings	65%	68%
Refuse Removal	51%	54%
Sanitation	50%	53%
Electricity for Cooking	47%	51%

Access to public services and housing for the poorest 20% of the population was as follows:

Service	1996	2001
Piped Water	65%	72%
Electricity for Lighting	35%	57%
Formal Dwellings	49%	57%
Refuse Removal	27%	33%
Sanitation	21%	29%
Electricity for Cooking	19%	27%

16. (U) While national statistics revealed little improvement in access to public services and housing (except for the provision of electricity for lighting), the poor did experience a marked increase in nearly all categories. At the same time, a substantial percentage of the poor population remained unserved, particularly in the Eastern Cape and Limpopo Provinces. Meanwhile, Western Cape and Gauteng Provinces experienced percentage declines in public

service and housing delivery as a result of rapid migration of rural poor South Africans in search of work in growing urban areas.

The Source of the Problem

¶17. (SBU) Municipalities suffer a range of problems, but most boil down to a lack of capacity. After a 2004 assessment of the country's 284 municipalities, the Department of Provincial and Local Government (DPLG) announced that 136, or nearly half, of them were "under-performing" (Ref G). Eighty municipalities did not have technically skilled staff, and more than forty employed only one person with technical skills. Only seventy municipalities had a qualified civil engineer, despite the fact that they are charged with supplying such public services as water and electricity to local residents. Nearly half of all municipalities failed to submit financial reports to the Auditor-General in accordance with the Municipal Financial Management Act (MFMA). Those that did often took four to six months to file, instead of the allotted two months.

¶18. (SBU) Extremely weak financial management at the local level has created a number of related problems. Because municipalities do not have trained personnel to monitor and collect revenue, local revenues are lower than they should be. Because municipalities do not make proper budgeting decisions, resources are misused. One local financial manager was told, for example, to cut expenditures on water and sewer pipes because such improvements were invisible to local residents and offered no political gain. Weak financial management has fostered corruption, and allowed municipal officials to raise their own salaries despite poor performance. Salaries of municipal officials were R4 billion (\$667 million) greater than spending on public services in the worst performing 136 municipalities. One municipal manager in Mpumalanga earned more than President Mbeki, despite the manager's poor performance. Because revenue collections are poor, some municipalities have raised debt to cover their budget shortfalls. Nationwide, municipal debt now totals R40 billion (\$6.7 billion), with the 23 largest

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municipalities accounting for about half.

Government Dedicated to Fix It

¶19. (SBU) President Mbeki has tried to get out in front of the problem by visibly calling for change in the hope of quelling the unrest to boost the ANC's image in the run up to the municipal elections. He has spoken out against corruption and incompetency at the municipal level, but at the same time pledged greater support. On December 10, he held a town meeting in the Ilembe Municipality in KwaZulu-Natal (Ref H). This was part of a series of such meetings in the DPLG's Municipal Imbizo program. On December 14, Mbeki attended the ninth and final town meeting in Cape Town, which focused on the problems of long standing slums in Khayelitsha and Mitchells Plains. In the meantime, DPLG has been sending out its "Project Consolidate" teams as fast as it can to help municipalities in dire need of management and technical capability (Ref G).

¶10. (SBU) Taking her cue from Mbeki, Housing Minister Lindiwe Sisulu is dedicated to speeding up housing delivery. Her goal is to eradicate all informal settlements by 2014. Currently, housing is the responsibility of national and provincial government; however, in 2006, Sisulu is pushing draft legislation that empowers accredited municipal governments to deliver housing. She hopes to speed up low-income housing delivery by removing the national and provincial bureaucratic burdens that exist. The accredited municipalities would receive technical assistance from housing officials during this transition period in line with

Project Consolidate's capacity building teams. In addition, Sisulu is working to quicken the pace of the housing development approval process and advocating for low-income developments to be given preference on state-owned land.

¶11. (SBU) The SAG has invested considerable political capital in improving housing for and extending public services to the poor in South Africa -- the core constituency of the ANC government. In its October budget, the national government boosted the budgets of provincial and local governments by over R50 billion (\$8.3 billion) to fund infrastructure and housing projects. To keep them from choking on this increased funding, national government will provide assistance in the form of R1.9 billion (\$317 million) over the next three years to build municipal capacity. Part of the effort to help local government will be to employ retirees and foreigners who have the necessary skills.

Comment

¶12. (SBU) Since 1994, the ANC government has made strides in the provision of housing and public services, but still has a long way to go to meet the needs of South Africa's poorest citizens. No one knows how long poor South Africans can wait for government to translate the benefits of political liberation into a higher standard of living for them. Despite opposition parties making political hay out of the situation, the political urgency for the ANC comes more from the unrest that has spread across the country than from the prospect of losing political ground at the polls in March. For the time being, disenchantment with ANC performance will more likely manifest itself into low voter turnout.
TEITELBAUM